THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) The Government propose to move a Bill to amend the Coal Mines (Nationalisation) Act, 1973 to permit any Indian company to mine coal.

(b) The details of areas for which leases could be offered to Indian companies to mine on the basis of competitive bidding will be worked out after the legislative changes are effected by the Parliament and competitive bidding rules are framed thereafter.

(c) and (d) At the time of nationalisation of coal mines in India in 1972-73 certain mines which were being operated by Damodar Valley Corporation were not nationalised. After the amendment in the Coal Mines (Nationalisation) Act, 1973 in 1993, captive mining blocks were offered to the following named State Power Utilities and public sector enterprises in the power and steel sector as per details below :

Sl No.	Name	End Use	Coalfields in which blocks identified/ indicated are located	Geological reserves (MTs)
1.	Andhra Pradesh State Electricity Board	Power Generation	Talcher	420
2.	West Bengal State Electricity Board	Power Generation	Raniganj	80
3.	West Bengal Power Development Corporation Ltd.	Power Generation	Raniganj	130
4.	Steel Authority of India Ltd.	Steel	Jharia	2149

Difference in Interest Rates

*117. SHRI BHUPINDER SINGH HOODA : Will the Minister of FINANCE be pleased to state :

(a) whether NABARD releases funds at 2 to 3 per cent rate of interest for grant of loans to farmers;

(b) whether the farmers got even short term crop loans at the interest rate of 12 to 14 per cent;

(c) if so, the reasons for the huge difference between the interest charged by the NABARD and the interest which the farmers have to pay for the loans; and

(d) the remedial steps being taken by the Government?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) National Bank for Agriculture and Rural Development (NABARD) provides refinance assistance to the cooperative credit institutions and Regional Rural Banks (RRBs) for financing Seasonal Agricultural Operations (SAO) out of the General Line of Credit (GLC) provided by Reserve Bank of India (RBI).

The rates of interest on short term SAO credit limits to cooperative banks from NABARD, with effect from 1.7.1996, are given below :

Percentage of SCB's borrowing from NABARD to ST (SAO) loans outstanding against PACS	Rate of interest (% p.a.)
less than 35	5.0
35 & above but less than 40	5.5
40 & above but less than 45	6.0
45 & above but less than 50	6.5
50 & above but less than 55	7.0
55 & above	7.5

However, the interest rate on refinance for ST-SAO credit limits to all cooperative banks in North-Eastern Region and for refinance for limits under ST (SAO) - Development of Tribal Population is fixed at 5% p.a. irrespective of the level of borrowings. The rate of interest chargeable by NABARD on the ST (SAO) refinance to RRBs is 6.5% p.a.

(b) to (d) The rates of interest to be charged by cooperative credit institutions on loans to ultimate borrowers have been deregulated with effect from 2nd November, 1994, subject to a minimum of 12% p.a. for all loan slabs. The rate of interest to be charged by Regional Rural Banks (RRBs) has also been fully deregulated with effect from 26th August, 1996.

In the deregulated environment, the rate of interest charged on loans is normally contingent upon a number of factors including inter-alia, the average cost of mobilisation of resources, level of dependence on NABARD refinance assistance, efficiency of lending operations and the margins to be retained at various level in order to meet the administrative costs and servicing of loans. Refinance available from NABARD at lower rates helps the lending institutions in bringing down their average cost of resources. However, a substantial portion of crop loans advanced by rural credit institutions comes from resources mobilised by such institutions costs much higher than NABARD's refinance rates.

Keeping in view the risk cost associated with rural lending and the cost of carrying higher level of overdues, it appears necessary for the fural credit institutions to keep their interest rates at reasonable levels to ensure sustainable viability of operations.